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September 14, 1994

VIA HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: CC Docket No. 92-77
Billed Party Preference

Dear Mr. Caton:

Enclosed, on behalf of Roseville Telephone Company, please find an original and four copies of Roseville's Reply Comments in the above-captioned proceeding. If there are any questions regarding this matter, please contact the undersigned counsel.

Very truly yours,

Paul Feldman

Paul J. Feldman
Counsel for
Roseville Telephone Co.

pf:ik
Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	CC Docket No. 92-77
Billed Party Preference For 0+ InterLATA Calls	

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REPLY COMMENTS OF ROSEVILLE TELEPHONE COMPANY

Roseville Telephone Company ("Roseville") hereby submits its reply comments in response to the Commission's *Further Notice of Proposed Rulemaking*, FCC 94-117, released on June 6, 1994 in the above captioned proceeding (hereinafter, the "FNPRM"). Roseville is a local exchange carrier that serves approximately 93,000 subscriber access lines in the Roseville, California area. Roseville is the 25th largest local exchange carrier ("LEC") in the nation. Roseville files these Reply Comments to simply assert that the record in this proceeding demonstrates that the benefits of billed party preference ("BPP") do not outweigh the implementation costs, and that it is uncertain, at best, that these substantial costs will be recovered. Roseville is interested in providing a broad range of service opportunities to its customers. While Roseville recognizes that BPP provides a service option, it is concerned, however, that implementation of this apparently uneconomic service will not yield benefits to its customers. Accordingly, the FCC should not mandate the implementation of BPP at this time.

In paragraph 2 of its FNPRM, the Commission stated that it would mandate BPP only if the benefits to consumers outweighed the costs, and benefits could not be achieved through alternative, less-costly measures. The record demonstrates that substantial costs associated with implementation of the BPP proposal will be imposed on LECS.[1] Of even greater concern is the fact, reported by many commenters, that the cost of implementation of BPP, while substantial, cannot be accurately estimated at this time.[2] Whatever the costs, they will have to be passed on to end users, either directly or indirectly.

While the costs of BPP are substantial, the benefits to consumers are limited. Roseville recognizes that some 0+ and 0- dialers have been charged excessively by certain operator service providers ("OSPs"). However, the record in this proceeding demonstrates that customers have, and are using, less costly solutions to this problem (*i.e.*, use of access codes and billing

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[1] *See, e.g.*, Comments of BellSouth at pages 13-15, Comments of United States Telephone Association ("USTA") at pages 3-9, and Comments of Cincinnati Bell at pages 2-5.

[2] *See, e.g.*, Comments of National Telephone Cooperative Association at pages 2-3, Rochester Telephone Corporation at page 2, Comments of AT&T Corp. at 19-20. The Commission recognized in the FNPRM (at para. 20) that costs of implementing BPP would be difficult to estimate in part due to the inability of equipment vendors to provide estimates. The lack of firm estimates still remains a problem for many LECs.

cards to access reasonably priced IXCs, and enforcement of existing regulations limiting abuses by OSPs).[3]

Accordingly, the Commission could reasonably conclude, based on the record, that BPP should not be implemented, since it will certainly result in increased cost to users, while providing moderate benefits, at best, to a limited number of users (who have alternative means to help themselves through the use of access codes, or the 1-800 services offered by major interexchange carriers). However, if the Commission mandates BPP, which is designed to provide benefits for OSPs, IXCs, and end-users, it is imperative that the Commission enact rules ensuring that LECs will be able to recover the costs of BPP.

The Commission recognized that the implementation of BPP would require LEC expenditures in three broad categories: end office software, increased operator service capabilities[4], and other costs including hardware and software modifications, and maintenance. In analyzing the method for LEC recovery of BPP costs, the Commission also recognized that choosing between recovering costs only from BPP calls or from all operator service calls created a dilemma. The general principle of recovering costs only from cost-causers suggests recovery only from BPP calls; however, increased costs for BPP calls will encourage end

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[3] *See, e.g.*, Comments of BellSouth Telecommunications, Inc. at pages 3-5, 12.

[4] The Commission noted (FNPRM at para. 25) that the costs of increased LEC operator service capability would be "offset" by cost savings to OSPs. Even if this were so, the savings for OSPs would not be passed along to LECs.

users to circumvent 0+ dialing through use of access codes and other methods, in order to obtain lower interexchange rates. This will lead to under-utilization of 0+ BPP facilities, which would raise the per-call cost of BPP even more, leading to more circumvention, and so on. *Cf.* FNPRM at para. 58. Unable to resolve this dilemma, the Commission sought further comments on cost recovery.

Roseville has arduously contemplated the possibilities, but has been unable to create an equitable solution that would likely result in recovery of the costs of BPP. No other commenter seems to have developed such a solution, either. As noted above, delegating all BPP costs to 0+/0- calls will lead to circumvention of BPP. Commenters such as MCI (at pages 4-5) and Pacific Bell (at page 2) have suggested that at least the non-recurring portion of BPP costs should be recovered through charges imposed on all access users. However, while this proposal increases the likelihood of LEC recovery of BPP costs, it is inequitable in that it spreads the costs of BPP to all access users, rather than to only the cost causer (the caller that uses BPP). Furthermore, this artificial inflation of LEC access charges would be harmful to LECs as they are challenged by other access providers whose charges do not have to recover BPP costs.[5]

In sum, Roseville asserts that if the only alternatives for BPP cost-recovery are those noted above, then this reveals an

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[5] *See* Comments of Cincinnati Bell at pages 4,6.

inherent flaw in BPP, and it would not be prudent for the FCC to mandate the implementation of BPP at this time.[6] In any case, if BPP is to be implemented, it must be done in a manner that ensures that LEC BPP costs can be recovered without affecting customer choices for other services.

Respectfully submitted,

ROSEVILLE TELEPHONE COMPANY

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[6] *Id.* at pages 5-7.

CERTIFICATE OF SERVICE

I, Inder Kashyap, an employee of Fletcher, Heald & Hildreth, hereby certify that a copy of the foregoing "Reply Comments of Roseville Telephone Company" was filed with the Federal Communications Commission on September 14, 1994, and copies served on that same day by first class U.S. mail, postage prepaid, to the following:

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